The investment required per MW for power generating capacity varies depending on type of the project and among the same type of the projects il varies dependig on the location, distance from the fuel source, unit size etc. Similar is the position regarding energy efficiency and demand side management measures. The present policy does not preclude participation of private sector in the renovation and modernisation and other energy efficiency measures to supplement the efforts of the public sector.

**Counter Guarantees to foreign Investors**

1045. SHRl RAMACHAND^ RAN DILLAI:
SHRI MD. SALIM:

Will the Miaisr of POWER be pleased to state:

(a) what is the present policy of issuing counter guarantees by Govern - ment to the new power projects with foreign investeinent, the details thereof; and

(b) whether Government are in a position to recover the amount from the State Governments against the counter guarantees ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRl P. V. RANGAYYA NAIDU) (a) It has been decided to extend the Government of India counter guarantee for the State Government guarantee for the State Electricity Boards' payment obligations to the private generating companies in case of 8 out of initial 9 projects cleared from foreign investment angle.

*(to)* Yes, Sir.

**Setting up of power plants**

1046. SHRI PARMESHWAR KUMAR AGAR WALLA: Will the Minister of POWER be pleased to state:

(a) whether Government propose to set up power plants based on the need to avoid loss in transmission of power, theft of power and shut down of big power plants, districts-wise; and

(b) whether any study has been made that if need based power plants are set up district-wise it will be cheaper and it will boost agriculture and industry of the respective States, if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRI P. V. RANGAYYA NAIDU): (a) and (b) Thermal power plants, particularly by Central under takings are setup at pithead or load centres depending upon various techno-economic considerations including the availability of land, fuel, water and power evacuation facilities. While smaller projects to meet local needs could help in reducing the transmission losses, the adventegts available in setting up generating stations at pit heads and economics of scale arising from setting up larger projects would not be available.

**Return on equity to new power projects**

1047. SHRl RAMACHAND RAN PILLAI: Will the Minister of POWER be pleased to state:

(a) what is the basis for fixing 16 % return o" equity (ROE) for new power projects;

(b) when was it decided and a what level;

(c) whether the State Govrrn- raents were involved in taking this decision, if so, when had such consultation taken place and what were